

display a statement in substantially the following form, subject to appropriate modification where circumstances require. Such statement shall be in capital letters, printed in bold-face roman type at least as large as ten-point modern type and at least two points leaded

IN CONNECTION WITH THIS OFFERING, CERTAIN PERSONS MAY ENGAGE IN TRANSACTIONS FOR THEIR OWN ACCOUNTS OR FOR THE ACCOUNTS OF OTHERS IN [IDENTIFY RELEVANT SEAQ INTERNATIONAL SECURITIES] PURSUANT TO EXEMPTIONS FROM RULES 10b-6, 10b-7 and 10b-8 UNDER THE SECURITIES EXCHANGE ACT OF 1934. SEE "[IDENTIFY SECTION OF OFFERING MATERIALS THAT DESCRIBES THE TRANSACTIONS TO BE EFFECTED]."

(b) There shall be included in the identified section of the offering materials a comprehensive description of the activities that may be undertaken by the relevant parties in the relevant SEAQ International securities during the distribution.

4. Record-keeping and reporting.

4.1 Each relevant party shall provide to the Exchange the information required in paragraph B4.2 with respect to its transactions in relevant SEAQ International securities in the UK: *provided*, that in the case of a rights issue, information is only required to be reported to the Exchange during the period or periods commencing at any time during the covered period for the qualified SEAQ International security that the rights exercise price does not represent a discount of a least 10 per cent from the then current market price of the security underlying the rights and continuing until (i) the end of the covered period for the qualified SEAQ International security or (ii) until the rights exercise price represents a discount of a least 12 percent from the then current market price of the security underlying the rights.¹

4.2 When required pursuant to paragraph B4.1, the relevant parties will provide the following information to the Exchange in a Comma Delimited ASCII (American Standard Code for Information Interchange) format including a common record layout acceptable to the Exchange and the Division, with respect to transactions during the covered period for qualified SEAQ International securities during the reference period in qualified SEAQ International securities:

(a) the name of the security, date, time (of execution and also trade reported or transaction reported, as the case may be, where available to the relevant party), price and volume of each transaction: *provided*, that no information regarding a customer transaction shall be provided unless the transaction has a value of \$200,000 (currently \$310,000) or more;

(b) the exchange or inter-dealer quotation system on which the transaction was effected;

(c) an indication whether the transaction was for a proprietary account or the account

of a customer: *provided*, that a transaction effected by a relevant party for a customer account for which it has exercised discretionary authority shall be reported as a Discretionary Customer Trade; and

(d) the identity of a counterparty to the transaction.

4.3 The Exchange and the relevant parties shall keep all documents produced or prepared pursuant to paragraph B4.2 for a period of not less than two years.

4.4 Upon request, the Exchange will transmit the information provided by relevant parties pursuant to paragraph B4.2 within 30 days to the Division.

4.5 If the information required to be produced pursuant to paragraph B4.2 is not available from the Exchange, the relevant parties will upon request provide this information to the Division (at its offices in Washington DC) within 30 days, with respect to their own reportable transaction. The Division will notify the Exchange that it has received information pursuant to this paragraph and upon request will provide the Exchange the information submitted by the Exchange's member firms or their affiliates.

4.6 Representatives of a relevant party will be made available to respond to inquiries of the Exchange or the Division (in person at the offices of the Division or by telephone) relating to its records.

5. General conditions.

5.1 The lead underwriter, the global co-ordinator or equivalent person shall promptly, but in any event before the commencement of the covered period for the qualified SEAQ International security, provide a written notice to the Division and the Exchange containing the following information: (i) the name of the issuer and the qualified SEAQ International security; (ii) information with respect to the market capitalization and the average daily trading volume of the qualified SEAQ International security; (iii) if the notice is for more than one entity, the identity of all underwriters and selling group members relying on these exemptions; and (iv) a statement that the relevant parties are aware of the terms and conditions of the exemptions.

5.2 Where a Notice is required to be given pursuant to an exemption named in paragraph B1.1, the lead underwriter, the global manager or equivalent person may provide a single Notice: *provided*, that the Notice contains the information required by paragraph B5.1.

Conclusion

This request for an exemption relates to distributions of those SEAQ or SEAQ International securities which meet the specified requirement statement above. A distribution of a SEAQ or SEAQ International security which is subject to rules 10b-6, 10b-7 or 10b-8 and does not meet the terms of the new exemption, may be made subject to the 1993 exemption. A distribution of any SEAQ or SEAQ International security subject to rules 10b-6, 10b-7 and 10b-8 and falling outside this exemption, the 1993 exemption or any other exemption in force would require a specific grant of relief.

If you have any questions, please do not hesitate to call me or, in my absence, Mark

Berman of our Legal department (071 707 3512).

Yours sincerely,

Dan Sheridan,

Head of Market Supervision.

[FR Doc. 95-1716 Filed 1-23-95; 8:45 am]

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[Release No. 34-35233 File No. SR-CHX-94-22]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by Chicago Stock Exchange, Inc. Relating to Exclusive Issues

January 18, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. § 78s(b)(1), notice is hereby given that on November 10, 1994, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change and on January 4, and 9, 1995, filed Amendment Nos. 1 and 2, respectively, to the proposed rule change,¹ as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Chicago Stock Exchange, Incorporated, pursuant to Rule 19b-4 promulgated under the Securities Exchange Act of 1934, as amended, submits a proposed rule change relating to exclusive issue rules (Article XXX, Rule 23).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

¹ See letters from David Rusoff, Foley & Lardner, to Amy Bilbija, SEC, dated December 29, 1994; and to Glen Barrentine, SEC, dated January 5, 1995. Amendment Nos. 1 and 2 made non-substantive changes to the proposal.

¹ For the purposes of this exemption, unless stated otherwise, the current market price for a qualified SEAQ International security shall be the closing mid-price at the end of the mandatory quote period for the day on SEAQ International.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed change is to impose additional requirements and prohibitions on specialists, and others, when the Exchange is the primary market in a particular issue ("exclusive issue"). The rule proposal is designed to prohibit specialist units registered in an exclusive issue from engaging in business transactions² with the issuer.³ It is also intended to promote fair dealings in exclusive issues by prohibiting certain types of transactions⁴ without first securing the approval of floor officials. Furthermore, the proposal makes the "equalizing" exemption in paragraph (e)(5) of SEC Rule 10a-1 unavailable for specialists and market makers when selling short an exclusive issue.⁵ Finally, the proposal includes a definition of an exclusive issue.⁶ The CHX specialists are provided a statistical report on a monthly basis containing data regarding trade and share volume of each issue by exchange. Thus, a specialist will be aware—by reviewing the monthly report—if exclusive issue obligations

² The term "business transaction" is intended to be interpreted broadly to include, for example: Loans, purchase of assets from the issuer, and acquisition of any beneficial ownership of shares of such issuer.

³ In addition to the specialist unit, the proposed rule extends to any co-specialist or other associated person, officer, director, partner or employee of a specialist unit registered in the exclusive issue.

⁴ The specific types of transactions are listed in CHX proposed Rule 23(b)(2), and include transactions such as a purchase at a price above the last sale in the same session and a proposed transaction involving a price movement of 1/2 point or more.

⁵ 17 CFR § 240.10a-1(e)(5). Rule 10a-1 generally prohibits persons from effecting a short sale of a registered security (a) below the price of the last sale, or (b) at such price if it is lower than the last sale at a different price. The exception provided for in paragraph (e)(5) permits registered specialists or registered exchange market makers (or a third market maker for its own account over-the-counter) to effect, for their own account, a sale (a) at a price equal to or above the last sale, or (b) at a price equal to the most recent offer communicated for the security by such registered person if such offer, when communicated, was equal to or above the last sale. In addition, the Rule expressly provides that an exchange may prohibit its registered specialists and market makers from availing themselves of the exemption if the exchange determines that such action is necessary or appropriate in its market, in the public interest, or for the protection of investors.

⁶ An "exclusive" issue is defined in the proposed rule as the stock of any company traded on the Exchange not otherwise traded on the New York or American Stock Exchanges or NASDAQ/NMS, and, where there exists another market for such issue, the Exchange has executed 25% or more of the transactions in the issue during the three previous months.

have been triggered and will be responsible for conducting his business accordingly.⁷

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments and to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose a burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person other than those that may be withheld from the public in accordance with the

⁷ Conversation between Amy Bilbija, SEC, David Rusoff, Foley & Lardner, and Dan Liberti, CHX, on January 13, 1995.

provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CHX. All submissions should refer to File No. SR-CHX-94-22 and should be submitted by February 14, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Margaret H. McFarland,
Deputy Secretary.

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BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2760]

California; Declaration of Disaster Loan Area

As a result of the President's major disaster declaration on January 10, 1995, and amendments thereto on January 12, 13, and 16, I find that the following counties in the State of California constitute a disaster area as a result of damages caused by flooding beginning on January 3, 1995 and continuing: Alameda, Amador, Butte, Colusa, Contra Costa, Del Norte, Glenn, Humboldt, Kern, Lake, Lassen, Los Angeles, Marin, Mendocino, Modoc, Monterey, Napa, Nevada, Orange, Placer, Plumas, Riverside, Sacramento, San Bernardino, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Sonoma, Sutter, Tehama, Trinity, Ventura, Yolo, and Yuba. Applications for loans for physical damage may be filed until the close of business on March 13, 1995, and for loans for economic injury until the close of business on October 10, 1995, at the address listed below:

U.S. Small Business Administration,
Disaster Area 4 Office, P.O. Box
13795, Sacramento, CA 95853-4795

or other locally announced locations. In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the above location: Alpine, Calaveras, El Dorado, Fresno, Imperial, Inyo, Kings, Merced, San Benito, San Francisco, San Joaquin, Sierra, Siskiyou, Solano, Stanislaus, and Tulare Counties in California; Curry, Josephine, Klamath, and Lake Counties in Oregon; Clark and Washoe Counties in Nevada; and LaPaz and Mohave Counties in Arizona.